

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF ARIZONA
Minute Entry

Hearing Information:

Debtor: PHOENIX INTERFACE TECHNOLOGIES LLC
Case Number: 2:19-BK-00459-MCW **Chapter:** 11
Date / Time / Room: WEDNESDAY, FEBRUARY 13, 2019 02:00 PM 7TH FLOOR #702
Bankruptcy Judge: MADELEINE C. WANSLEE
Courtroom Clerk: CHRISTINA JOHNSON
Reporter / ECR: MICHELLE RADICKE-STEVENSON

Matters:

- 1) EXPEDITED HEARING ON DEBTOR'S MOTION FOR ORDER AUTHORIZING THE USE OF CASH COLLATERAL
R / M #: 15 / 0
- 2) EXPEDITED HEARING ON DEBTOR'S MOTION FOR ORDER DETERMINING ADEQUATE ASSURANCE OF PERFORMANCE
R / M #: 16 / 0
- 3) EXPEDITED HEARING ON DEBTOR'S MOTION FOR INTERIM AND FINAL ORDERS APPROVING FINANCING OF ACCOUNTS AND GRANTING REPLACEMENT LIENS
R / M #: 23 / 0

Appearances:

KELLY G. BLACK, ATTORNEY FOR PHOENIX INTERFACE TECHNOLOGIES LLC
THOMAS BROWN, FOR THE DEBTOR
EDWARD K. BERNATAVICIUS, ATTORNEY FOR U.S. TRUSTEE

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Proceedings:

The court expected to see schedules and statements filed by today.

Mr. Black stated the debtor manufactures electronics and the end of the year is the slowest time of the year. The debtor is behind with lease payments and debtor's landlord threatened to shut him out. The debtor is involved with four potential buyers, but the debtor isn't sure if he will reorganize or sell the business. He stated the debtor receives payment for services four to six weeks later. Mr. Black intends to file the schedules and statements today.

#1 Cash Collateral

Mr. Black reviewed his motion and confirmed there is a stipulation to use cash collateral. He discussed debtor's outstanding debt. Mr. Black stated proper service was provided.

Mr. Brown reviewed the budget attached to the motion. He clarified his business makes membrane switches. Mr. Brown discussed wages paid to the eight employees employed by the business. He confirmed lease payments are two months delinquent.

Mr. Bernatavicius stated his position noting his concerns, but stated no objection if the court is inclined to grant the motion on an interim basis.

COURT: IT IS ORDERED GRANTING THE MOTION ON AN INTERIM BASIS FOR THE REASONS STATED ON THE RECORD. MR. BLACK SHALL PREPARE A FORM OF ORDER ALLOWING MR. BERNATAVICIUS AN OPPORTUNITY TO REVIEW IT BEFORE UPLOADING IT. IF THE PARTIES CANNOT AGREE ON A FORM OF ORDER, THEN A HEARING CAN BE SET TO RESOLVE THE ISSUES. MR. BLACK MAY USE MARCH 12, 2019 AS THE DEADLINE FOR OBJECTION TO THE FINAL ORDER. IT IS FURTHER ORDERED SETTING A FINAL HEARING FOR MARCH 19, 2019 AT 10:30 AM.

AT CHAPTER 11 STATUS HEARING THAT IS SET FOR NEXT WEEK, THE COURT EXPECTS TO HEAR MORE DETAIL AS TO WHO WAS PAID, WHEN, AND FOR WHAT. THE COURT ALSO EXPECTS TO HEAR MORE INFORMATION AND DISCLOSURES AS TO ANY INSIDERS.

#3 Factoring of Accounts

Mr. Black stated his position confirmed all prior advancements have been exhausted. He stated proper service was provided and he has heard from Advantage Business Capital.

Mr. Bernatavicius stated his position noting no objection to the approval of the motion on an interim basis. He will confer with counsel regarding pre-petition wages.

The court is concerned why the factoring is necessary and continues to be necessary when this is an established business. The court hoped to see an affidavit or declaration in support of the motion. The court is further concerned with the notice that was given.

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#2 Utilities

Mr. Black stated his position and confirmed there are no objections. He confirmed notice was provided to all utility providers.

Mr. Bernatavicius has no issue with the motion as long as service is proper.

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